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ABSTRACT

In July 2001, the Tennessee Comptroller's Office of Education Accountability (OEA) began studying methods other states use to finance K-12 capital outlay. The final product of this research is the report "School Capital Funding: Tennessee in a National Context." As part of this research, OEA staff compiled information on state K-12 capital finance methods in all 50 states. This information is included in these supplementary state profiles. Office staff began the research process by developing a contact list of K-12 education capital finance specialists in each state. On July 30, 2001, staff sent each state a copy of a State School Construction Aid Survey. Upon receipt of a state's survey response, analysts constructed a state profile using information contained therein, information from state Web sites, and additional outside sources. Finally,OEA staff sent each state's profile to that state's respondent for verification. In several cases, researchers also asked respondents to elaborate on one or more aspects of state programs. The profiles contain information on contact person, credit enhancement programs, loan programs, annual capital funding programs, additional methods, state oversight, and legal action. (EV)

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ED 475 081

School Capital Funding:

Supplementary State Profiles

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EF 006 268

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Office staff began the research process by developing a contact list of K-12 education capital finance specialists in each state. On July 30, 2001, staff sent each state a copy of a State School Construction Aid Survey. (See Appendix A of original report.) Upon receipt of a state's survey response, analysts constructed a state profile using information contained therein, information from state web sites, and additional outside sources. (See Appendix B of original report.) Finally, OEA staff sent each state's profile to that state's respondent for verification. In several cases, researchers also asked respondents to elaborate on one or more aspects of state programs.

Forty-five of the 50 states completed and returned surveys. Of those states, 37 subsequently reviewed, edited, and verified their state profile. Profiles for Alabama, Arizona, Colorado, Louisiana, Michigan, Minnesota, Montana, and Oklahoma did not receive final verification. Five states (New York, Oregon, Virginia, Washington, and Wisconsin) did not complete surveys. Analysts used only outside sources to construct profiles of these states. Representatives of each of these states subsequently reviewed, edited, and confirmed information in their state profile. Thus, all profiles represent some level of direct state input.

When reading these profiles, please bear in mind that state contacts did not have access to the profiles of other states while completing information on their state. Thus, the descriptions vary somewhat in style and content. Though OEA attempted to address most major facets of state education capital finance programs consistently, staff also sought to keep the burden on state contacts relatively light and to expedite the overall research process. Furthermore, the questions asked at the outset limited our research. For example, Colorado reported that in the event of a district default in its bond guarantee program, the Colorado Department of Education conducts an audit to determine the reason for nonpayment. Other states may have similar features in their bond guarantee programs but did not report them because staff did not specifically ask about such features. Below is a description of each section of the state profiles.

Credit Enhancement Programs

Many states have credit enhancement programs available to local districts. This usually takes the form of a state guarantee to pay holders of locally-issued bonds in the event of a district default. This section describes such programs to lower local school district finance costs.

State Loan Programs

This section describes state programs designed to allow districts to borrow funds from the state to finance capital projects.

Annual Capital Funding Programs

State annual funding programs for capital outlay vary considerably, and many states have multiple programs, most of which are rather complex. Thus, explaining each state's funding mechanisms in a few paragraphs offers ample opportunity for error. This section includes programs dedicated to new construction and major renovations but does not include maintenance programs. Because states use differing definitions of what constitutes a renovation project and what constitutes a maintenance project, this section may not be perfectly comparable between states.

Funding levels for each year represent the sum of all annual funding programs for each state but do not include one-time allocations. For example, Georgia's annual funding includes its Regular Funding, Exceptional Growth Funding, and Low Wealth Funding but does not include additional money allocated by the legislature in 2001 in order to help districts meet state class size requirements. A number of states' annual funding programs are slated to sunset in the coming years. Through consultation with the state contact, we determined whether or not to include these programs in annual funding totals based on how long the program has been in effect and how likely legislative reauthorization for the program appeared in August 2001.

Spending per pupil represents fiscal year 2001 spending through annual programs, divided by estimated enrollment for 2001.[1] Most states do not base district aid strictly on enrollment but rather compensate for district growth, district wealth, and/or a number of other factors. Thus, the amount of aid individual districts receive per pupil may deviate significantly from funding per pupil values found in this study.

Additional Methods

Annual programs comprise the largest share of most state K-12 capital funding. However, a number of states fund capital outlay through other means. Nonrecurring funding most often comes in the form of state bonds. This section describes one-time state allocations for capital finance from 1996 to 2001. These funds are not included in any of the data under "Annual Funding Program."

This section also includes additional annual state programs that do not fit easily into annual funding calculations. There are two general reasons for this: (1) funding allocations from the state may be used for capital needs, but are not dedicated to capital spending; and (2) the programs are primarily maintenance oriented. A number of state programs cover both maintenance and capital improvements. This analysis does not include funding for these programs in annual state totals.

State Oversight

School Facilities Plan—This subsection notes whether states require school districts to submit long-range facilities plans to the state. States may require these plans from all districts, districts

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[1] National Center for Education Statistics, "Early Estimates of Public Elementary and Secondary Education Statistics: School Year 2000-2001", Lena McDowell, February 2001.

receiving state aid, or no districts. For states with multiple state aid programs, if any program requires districts to submit a long-range facilities plan, that state records "yes." State requirements vary considerably in how often districts must update these plans. Some require annual updates, while others require updates every three, five, or ten years.

Approval Bodies—Although some states allow local districts to choose how to spend state capital finance aid, most require some level of state oversight. Typically, a state body or bodies must approve each individual project receiving state aid. This subsection simply lists state bodies that review and approve or disapprove projects.

Legal Action

Past Lawsuits—This subsection lists any lawsuits concerning state methods of funding K-12 capital finance needs and the year the lawsuit was originally filed.[2] Most of these suits challenged the adequacy and/or equity of the state's education finance mechanisms as a whole. If states altered capital finance programs as a result of a lawsuit, analysts included that suit whether or not capital finance was the primary issue. Furthermore, analysts included suits that drove changes in capital finance methods regardless of whether or not courts ruled against the state. In some cases, state legislatures passed new initiatives as suits made their way through the judicial system. In these cases, the policies that motivated some suits had been rescinded by the time state courts ruled, but the suit still served to influence change at the state level.

Pending Lawsuits—This subsection lists any suits pending in October 2001 (and the year filed) that have the potential to affect state methods of funding public education capital outlay. For both categories, the state contact had the discretion to determine relevance.

Empirical Data

Funding Estimates—Survey respondents estimated state, local, federal, and other shares of K-12 capital funding. States vary considerably in the expenditures covered by state funding programs. For example, some states consider site acquisition and architects' fees as a component of construction costs while others do not. Also, the distinction between major maintenance projects and renovation projects is often difficult to ascertain. Accounting procedures among local school districts vary considerably as well. Finally, high (or low) levels of spending by one particular level of government in a state may have a substantial effect on share weights. For these reasons, analysts included share percentages not as a comparative measurement but for illustrative purposes. Because of the difficulties in obtaining even a rough estimate, eleven states chose not to list shares.

Analysts drew state shares of overall education funding from the Resources—Equity section of *Education Week*'s "Quality Counts 2002" report. *Education Week* calculated these shares using 1999 data from the Census Bureau and the National Center for Education Statistics (NCES).

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[2] We were unable to find the year of initial filing for suits in Connecticut and Kansas, and used the year of the final court decision instead.

Enrollment— Analysts drew state public school membership totals for the 1990-91 school year from NCES *Projections of Education Statistics to 2009* (published in 1999). State membership totals for 2000-01 are based on "estimated membership" within *NCES Early Estimates of Public Elementary and Secondary Education Statistics: School Year 2000-2001*. The OEA survey asked respondents for state enrollments, and the original intent was to use these numbers for empirical analysis. However, the wide variety of calculation methods used by the states undermined data comparability. NCES data contains relatively reliable estimates in a common format.

Analysts derived ten-year membership growth totals by subtracting 1990-91 membership from the estimates of 2000-01 membership. Cumulative percentage growth numbers were derived by dividing ten-year membership growth by 1990-91 membership.

Spending Estimates—Although the structure of state programs exerts significant influence on the success or failure of those programs, the level of funding also plays a vital role. This section attempts to place state spending in perspective with other states. However, readers should exercise caution when comparing states. Analysts calculated state spending totals by dividing all non-recurring spending from the past five years by five (to get an annual non-recurring estimate) and adding that number to 2000-01 spending under each state's annual capital funding program. This sum was then divided by 2000-01 estimated membership to reveal Total Annual Spending per Pupil. Obviously, this number is a rough estimate that could be influenced in either direction by any of the following criteria:

- A general predisposition away from state spending and toward local spending or vice versa.
- A general predisposition in state education funding away from state spending and toward local spending or vice versa.
- A state education funding apparatus that gives local districts more responsibility for operating expenses while the state pays more for capital outlay or vice versa.
- Significant non-recurring state capital outlay spending prior to the period covered in this study (1980s or early 1990s) or the absence of state spending during that time.
- Significant changes in annual state spending in the years leading up to 2000-01.

Readers should make any judgments about a specific state's capital funding programs in light of these qualifications and should account for state characteristics these estimates would not express. For a basic comparison, however, the national average is $247.53. The weighted (for enrollment) average is $254.04. Each state contributes to the weighted average based on 2000-01 membership. Thus, California influences the weighted average most heavily while Wyoming has the smallest effect on the weighted average.

Though the criteria listed above are difficult (if not impossible) to quantify, one remaining factor influencing capital outlay expenditures is quantifiable—membership growth. It is significantly more expensive for states and school districts to build schools for new students than it is to maintain and replace schools for existing students. Office staff regressed 1990-91 membership and ten-year absolute membership growth against previously calculated Total Annual Spending numbers. The intercept for this regression was 21,410,431 ($p=0.71$) and the coefficients were

152 for 1990-91 membership (p=0.13) and 777 for ten-year membership growth (p=0.06). From a base of $21 million, states spend an average of $152 additional dollars for each student in public school in 1990 and $777 for each net additional student who enrolled in public school during the following ten years. Thus, states spend about five times as much on new students as they do on existing students. This makes sense intuitively. If school buildings have a fifty-year life, spending tied to growth over a ten-year period should have a five-to-one relationship to spending tied to existing enrollment. Building a 200-student elementary school for new students costs the same as periodically replacing one of five 200-student elementary schools for 1000 existing students every ten years.

Staff placed actual membership numbers for each state in the regression formula to derive a target growth-adjusted spending total for every state, which was divided by 2000-01 membership to achieve a growth-adjusted per pupil spending target. Staff then divided this number by previously calculated total annual spending per pupil numbers and multiplied by the national average ($254.04) in order to determine growth-adjusted spending per pupil. Again, readers should not view this as a concrete determination of the level of state funding but as the best possible estimate using data from this data set.

Wisconsin's funding system is rather unique in that it places capital outlay and debt service within the larger rubric of shared costs. No component of shared costs is computed individually, and the size of the state match depends on actual district spending. These features make it impossible to isolate state funding targeted for capital outlay and debt service. Because of this, analysts did not include Wisconsin in any funding calculations.

Notes

This section includes any additional information important to understanding state K-12 capital finance programs that did not fit neatly into any of the previous categories.

Frequently Used Abbreviations

ADA—average daily attendance

ADM—average daily membership

LEA—local education agency

FY—fiscal year

Alabama

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$68,600,000
1999-00 State Funding	
2000-01 State Funding	$68,400,000
2000-01 Spending per Pupil	$94.18

In 1995, the state legislature designated that money from the state Public School Fund was to be used for capital outlay purposes. Local districts are eligible for state matchesfor local capital spending from this fund, with those with less property wealth receiving a greater match.

Additional Methods

In 1998, Alabama passed a $562 million bond initiative. District aid is based on student population.

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Department of Education, State Building Construction division Public School and College Authority

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Alabama

Empirical Data

Capital Funding Estimates	*State Share*	91%	*Federal Share*		0%
	Local Share	9%	*Other Share*		0%
	State Overall Education Funding Share			69.5%	
Enrollment	*1990-91 Membership*			721,806	
	2000-01 Estimated Membership			726,259	
	Ten-Year Membership Growth			4,453	
	Ten-Year Cumulative Percentage Growth			0.6%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$248.95	
	Growth-Adjusted Spending per Pupil			$341.25	

Notes

Alaska

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$145,211,209
1999-00 State Funding	$64,349,000
2000-01 State Funding	$145,009,690
2000-01 Spending per Pupil	$1,067.28

Alaska has two programs to assist school districts in renovation and new construction. Each year the state may provide Capital Improvement Project (CIP) grants ($92,911,000 in FY01) to school districts for projects. All districts are eligible and the Department of Education & Early Development ranks districts on a 525 point scale with 245 points coming from 9 objective criteria and 280 points coming from 9 subjective criteria. These criteria are used to determine the need for each project and to develop a state-wide priority list. For approved projects, districts are required to reimburse the state for 2% to 35% of the project cost. The size of the local match depends on the district's tax base.

The state also reimburses school districts ($52,098,690 in FY 01) for revenue raised through local bond initiatives. In order to qualify for the state reimbursement (up to 70%), projects must be approved by the Department of Education & Early Development and funded under allocations established by the legislature. Legislative allocations for the debt reimbursement program are irregular and are usually meant to span several years. Thus, funds are available to districts for debt reimbursement even in years when the legislature does not allocate additional funds. In the last 9 years, allocations were made in the following fiscal years and amounts:

1994	$250,000,000
1999	$357,143,000
2001	$151,019,000
2002	$ 29,045,900

Additional Methods

None

Alaska

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Department of Education & Early Development State Board of Education

Legal Action

Past Lawsuits	None
Pending Lawsuits	Kasayulie v. Alaska, 1997

Empirical Data

Capital Funding Estimates	***State Share***	90%	***Federal Share***		3%
	Local Share	5%	***Other Share***		2%
	State Overall Education Funding Share			70.2%	
Enrollment	***1990-91 Membership***			113,903	
	2000-01 Estimated Membership			135,869	
	Ten-Year Membership Growth			21,966	
	Ten-Year Cumulative Percentage Growth			19.3%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$1,067.28	
	Growth-Adjusted Spending per Pupil			$660.33	

Notes

Annual funding totals represent CIP grant program and Debt Reimbursement Program. For Debt Reimbursement, actual reimbursements to local school districts each year were used instead of legislative allocations.

Arizona

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$200,000,000
1999-00 State Funding	$250,000,000
2000-01 State Funding	$260,000,000
2000-01 Spending per Pupil	$303.39

Arizona began its Students FIRST program in 1998. Over 16 months, state investigators visited each of the state's 1210 public school buildings to assess district facilities needs. The entire cost of meeting these needs is funded by a 0.6 cent increase in the state sales tax. The School Facilities Board (SFB) distributes funds via the Building Renewal Fund and the New School Facilities Fund.

Building Renewal funds ($122 million in FY01) are intended to extend the useful life of existing buildings and may be used for major renovations and repairs of a building, for upgrades to building systems (e.g. heating, cooling, plumbing, etc.), and for infrastructure costs. Funding calculations incorporate building age, square footage, and student capacity. New School Facilities funding ($260 million in FY01) is based on enrollment projections for each district. The SFB frequently bundles projects from multiple districts into a single bid in order to reduce construction costs.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	School Facilities Board

Arizona

Legal Action

Past Lawsuits Roosevelt Elementary School District No. 66 v. Bishop, 1991

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	***Federal Share***	
	Local Share	***Other Share***	
	State Overall Education Funding Share		48.9%
Enrollment	***1990-91 Membership***		639,853
	2000-01 Estimated Membership		856,984
	Ten-Year Membership Growth		217,131
	Ten-Year Cumulative Percentage Growth		33.9%
State Capital Spending Estimates			
	Total Annual Spending per Pupil		$303.39
	Growth-Adjusted Spending per Pupil		$229.87

Notes

Arkansas

Contact Information

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Credit Enhancement Programs

Arkansas guarantees all local school bonds through state education aid. In the event of a local district default, the state directs to bondholders a portion of state aid that would be due the district sufficient to meet debt service obligations.

Loan Programs

Arkansas has a $14 million loan fund. In order to qualify for state loans, districts must provide public notice and be approved by the State Board of Education. Districts cannot receive loans if they have lost accreditation, are on probation accreditation status, or are in fiscal distress. District borrowing maximum is $500,000.

Annual Capital Funding Programs

1998-99 State Funding	$26,000,000
1999-00 State Funding	$28,000,000
2000-01 State Funding	$29,500,000
2000-01 Spending per Pupil	$65.85

Capital funding is part of the basic state aid formula for school districts. District aid depends on ADM and a wealth index based on the district property tax assessment as a portion of the statewide assessment.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	None

Legal Action

Past Lawsuits	None
Pending Lawsuits	Lakeview School District v. Arkansas, 1995

Arkansas

Empirical Data

Capital Funding Estimates	*State Share*	5%	*Federal Share*		0%
	Local Share	90%	*Other Share*		5%
	State Overall Education Funding Share			65.1%	
Enrollment	*1990-91 Membership*			436,286	
	2000-01 Estimated Membership			448,018	
	Ten-Year Membership Growth			11,732	
	Ten-Year Cumulative Percentage Growth			2.7%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$65.85	
	Growth-Adjusted Spending per Pupil			$77.38	

Notes

California

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$0
2000-01 State Funding	$0
2000-01 Spending per Pupil	$0.00

N/A

Additional Methods

California assists local districts through state bond initiatives. The state floated a $1.27 billion initiative in March 1996 to fund new construction. In November 1998, the state passed another bond initiative including $6.7 billion for K-12 capital needs of which $2.9 billion was specifically for new construction. Any district with "unhoused" students is eligible to apply for state funding. Unhoused students are defined as students the district projects it will receive in future years, those accommodated through split or multitrack school schedules, or those in portable classrooms. Of the $2.9 billion made available since 1998, $1.6 billion was distributed on a first come, first served basis. In response to a lawsuit by urban districts, the state modified the existing priority system to a system designed to distribute the balance of new construction funding through August 2002 based on each district's number of unhoused students.

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	Department of Education Division of the State Architect State Allocation Board, Office of Public School Construction

California

Legal Action

Past Lawsuits Godinez v. Davis, 2000

Pending Lawsuits Williams v. California Department of Education, 2001

Empirical Data

Capital Funding Estimates	***State Share***	***Federal Share***
	Local Share	***Other Share***
	State Overall Education Funding Share	63.7%
Enrollment	***1990-91 Membership***	4,950,474
	2000-01 Estimated Membership	6,239,539
	Ten-Year Membership Growth	1,289,065
	Ten-Year Cumulative Percentage Growth	26.0%
State Capital Spending Estimates		
	Total Annual Spending per Pupil	$255.47
	Growth-Adjusted Spending per Pupil	$228.10

Notes

Colorado

Contact Information

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Credit Enhancement Programs

Any Colorado school district may apply for the state credit enhancement program. The program guarantees local bonds with annual state appropriations to participating districts. To qualify for the guarantee program, a district must file an issuance resolution, a copy of the bond offering document, and the agreement with an independent paying agent. If the district cannot pay off the bonds, the state treasurer uses state education funding designated for the district (and other state funds if necessary) to pay bond holders. The Department of Education then initiates an audit to determine the reason for nonpayment.

Loan Programs

The state offers school districts low-interest loans for capital improvements based on their per pupil assessed property valuation, with poorer districts receiving priority. The requesting district must have an outstanding mill levy approved by voters. The State Board of Education evaluates and approves loan requests.

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$0
2000-01 State Funding	$5,000,000
2000-01 Spending per Pupil	$6.90

While most state capital outlay aid comes indirectly through Colorado's general education funding mechanism, the state also has 2 types of direct aid. School Capital Construction and Renovation Fund matching grants comprise 25% of this aid while School Capital Construction Expenditures Reserve grants based on a review process comprise the remaining 75%. SCCRF grants are matching state grants for local funding. The amount of the state grant varies based on local property assessed valuation per ADM, debt capacity, and fiscal effort. SCCER grants are based on need and must be approved by the State Board. SCCER grants can be used to address immediate safety hazards or health concerns within existing school facilities, to relieve excessive operating costs created by insufficient maintenance or construction spending to relieve building construction conditions which detract from an effective learning environment.

Additional Methods

Colorado allocates at least $5100 per pupil to districts through its general education funding mechanism based on the Public School Finance Act of 1994. While there is no specific set aside within this aid for capital expenditures, the act requires districts to set aside between $248 and $800 per student for capital reserves or for insurance reserves/other risk management activities each year. This requirement is waved if a district has a reserve of over $1240 per pupil. Thus, Colorado has greater implicit funding of capital expenditures than its explicit programs would indicate. This makes it difficult to determine the percentage of capital costs covered by state dollars.

Colorado

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	State Board of Education Legislative Capital Development Committee

Legal Action

Past Lawsuits	Giardino v Colorado, 1998
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	***State Share***	***Federal Share***
	Local Share	***Other Share***
	State Overall Education Funding Share	45.7%
Enrollment	***1990-91 Membership***	574,213
	2000-01 Estimated Membership	724,508
	Ten-Year Membership Growth	150,295
	Ten-Year Cumulative Percentage Growth	26.2%
State Capital Spending Estimates		
	Total Annual Spending per Pupil	$6.90
	Growth-Adjusted Spending per Pupil	$5.63

Notes

Statute increases state funding of the School Capital Construction and Renovation Fund and the School Capital Expenditures Reserve Fund incrementally to $20 million by 2004-05, a significant increase.

Connecticut

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$267,000,000
1999-00 State Funding	$409,000,000
2000-01 State Funding	$392,000,000
2000-01 Spending per Pupil	$697.34

All districts are eligible to apply for state matching grants for new construction or major renovations. The state places all projects in one of three priority levels. Category A covers projects necessary to provide for mandatory instructional programs, Category B covers new facilities or alterations to enhance instructional programs, and Category C covers support services projects. The State legislature must approve all projects. The state covers 20% to 80% of project costs. The reimbursement formula is based on local equalized property tax base and personal income, with Connecticut's poorest districts receiving an 80% reimbursement from the state. Administrative facilities, auditorium seating areas, swimming pools and athletic fields receive smaller matches (10% to 40%). Approved interdistrict magnet schools and regional vocational and special education centers receive 100% state funding. Bonuses are available to regional school districts and interdistrict cooperative schools.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	State Department of Education

Connecticut

Legal Action

Past Lawsuits Horton v. Meskell, final decision in 1977

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	56%	***Federal Share***	0%
	Local Share	44%	***Other Share***	0%
	State Overall Education Funding Share			37.4%
Enrollment	***1990-91 Membership***			469,123
	2000-01 Estimated Membership			562,138
	Ten-Year Membership Growth			93,015
	Ten-Year Cumulative Percentage Growth			19.8%
State Capital Spending Estimates				
	Total Annual Spending per Pupil			$697.34
	Growth-Adjusted Spending per Pupil			$603.63

Notes

All projects are subject to legislative approval. However, the legislature traditionally funds all qualified projects.

Delaware

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Credit Enhancement Programs

Delaware issues bonds in the name of the local education agency when the local citizens approve a bond referendum and the state Department of Education determines the district has a need for additional school facilities.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$61,500,000
1999-00 State Funding	$92,000,000
2000-01 State Funding	$122,600,000
2000-01 Spending per Pupil	$1,071.45

Delaware's primary school construction funding mechanism is its Major Capital program. The program requires a local match. Delaware funds 60 to 80 percent of the cost of an approved project depending on the property tax base of the local school district.

Additional Methods

Delaware also has a Minor Capital program ($7.1 million in FY01) to provide funding to extend the useful life of existing facilities.

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	Department of Education, Division of School Planning and Maintenance.

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Delaware

Empirical Data

Capital Funding Estimates	*State Share*	60%	*Federal Share*		0%
	Local Share	40%	*Other Share*		0%
	State Overall Education Funding Share			68.7%	
Enrollment	*1990-91 Membership*			99,658	
	2000-01 Estimated Membership			114,424	
	Ten-Year Membership Growth			14,766	
	Ten-Year Cumulative Percentage Growth			14.8%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$1,071.45	
	Growth-Adjusted Spending per Pupil			$648.46	

Notes

Florida

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$286,510,570
1999-00 State Funding	$700,798,117
2000-01 State Funding	$436,966,620
2000-01 Spending per Pupil	$179.50

Florida has two ongoing programs for K-12 school construction: Capital Outlay and Debt Service (CO&DS) and Public Education Capital Outlay (PECO). Under CO&DS, the state allocated $93.7 million last year, primarily for school district debt service. These funds are allocated primarily based on current membership. PECO funds ($186,982,116) are distributed for maintenance of existing facilities and construction of new facilities. Maintenance funding is based on gross square footage of existing facilities, amortized over 50 years. New construction funding is allocated by enrollment during the base year of 1997 (40%) and growth since that time (60%). However, last year the PECO program was supplanted by money from the state school trust fund and revenue from the general fund.

Additional Methods

In November 1997, the Florida legislature passed the SMART Schools Act, allocating $2.7 billion from state lottery money to be collected over the next 20 years. The largest of 7 components of this act was Classrooms First ($2 billion). School districts could choose to receive funding as bond proceeds or cash and must use the funds to build new permanent classrooms. The remaining funds were allocated to 6 different programs and were based on thrift, innovation, local effort, and rural location.

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	None

Florida

Legal Action

Past Lawsuits None

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	25%	***Federal Share***	0%
	Local Share	75%	***Other Share***	0%

State Overall Education Funding Share		52.8%
Enrollment	***1990-91 Membership***	1,861,592
	2000-01 Estimated Membership	2,434,403
	Ten-Year Membership Growth	572,811
	Ten-Year Cumulative Percentage Growth	30.8%
State Capital Spending Estimates		
	Total Annual Spending per Pupil	$401.32
	Growth-Adjusted Spending per Pupil	$331.21

Notes

Georgia

Contact Information

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Credit Enhancement Programs

Georgia allows school districts to guarantee local bonds with state operating aid. In order to participate, at the time of bond issuance the local district must by resolution authorize the State Board of Education to withhold aid payments in the event the school district is unable to pay bondholders.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$215,000,000
1999-00 State Funding	$215,000,000
2000-01 State Funding	$215,000,000
2000-01 Spending per Pupil	$148.80

Georgia funds three programs for K-12 school construction financed through an ongoing bond initiative and state lottery money:

Regular funding: every 5 years, each district must, with technical support from state consultants, conduct a room-by-room inventory and needs assessment and submit a long-range facilities to the state outlining district needs. Each year the state allocates $100 million (increasing to $200 million for FY02 and beyond) for regular funding. Each district receives a percentage of this funding based on its need divided by the total state need. Districts may spend their allocation or save it to use in future years and may borrow from future allocations under certain conditions. A local match of 10% to 25% (depending on property wealth per student) is required.

Exceptional Growth funding: districts with enrollment growth of at least 1.5% and 65 students are eligible. The state annually appropriates $100 million for Exceptional Growth funding. Unused funds roll over to the next year, so again actual state spending may vary from the annual appropriation.

Low Wealth funding: Georgia offers additional funding to the state's poorest 20% of school districts based on property tax base, sales tax base, and income. To qualify, districts must have already passed a Special Purpose Local Option Sales Tax dedicated to school construction. In FY01, the legislature allocated $15.1 million.

Georgia

Additional Methods

This year the legislature allocated an additional $468 million in one-time dollars to build facilities to bring schools in line with state-mandated reductions in class size. District funding was based on how many classrooms needed to be built. No local match was required, but virtually every district had to fund construction that exceeded state aid in order to meet class size requirements.

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Department of Education

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	*State Share*	50%	*Federal Share*		2%
	Local Share	48%	*Other Share*		0%
	State Overall Education Funding Share			58.7%	
Enrollment	*1990-91 Membership*			1,151,687	
	2000-01 Estimated Membership			1,444,937	
	Ten-Year Membership Growth			293,250	
	Ten-Year Cumulative Percentage Growth			25.5%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$213.57	
	Growth-Adjusted Spending per Pupil			$184.78	

Notes

State funding totals represent legislative appropriations. Since districts may borrow from future allocations or save current allocations, actual state spending each year may be above or below the state appropriation.

Hawaii

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$175,044,000
1999-00 State Funding	$121,509,000
2000-01 State Funding	$92,735,000
2000-01 Spending per Pupil	$503.01

All funding for public K-12 education in Hawaii is from the state level. Capital Improvement Projects (CIP) funding revenue comes from an ongoing state bond initiative. The Department of Education Facilities Branch recommends CIP projects to the legislature each year based on a matrix system consisting of 4 categories and 5 priority levels. The categories (in order of priority) are:

1. Health, Safety, Security, and Emergency
2. Classrooms
3. Support Facilities
4. State and District Facilities

The 5 priority levels for projects account for the degree of program deficiencies associated with a problem and the feasibility of solutions other than a major capital program. Within each cell, the following criteria are used to determine priority among comparable projects: # of students benefiting, degree of deficiency, physical condition of existing facilities, geographic factors, length of time school has waited, and available alternatives.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	Because capital funding is part of the state budget, allocations are contained in legislation which must be passed by the legislature and signed by the governor.

Hawaii

Legal Action

Past Lawsuits None

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	100%	***Federal Share***	0%
	Local Share	0%	***Other Share***	0%
State Overall Education Funding Share				97.4%
Enrollment	***1990-91 Membership***			171,708
	2000-01 Estimated Membership			184,360
	Ten-Year Membership Growth			12,652
	Ten-Year Cumulative Percentage Growth			7.4%
State Capital Spending Estimates				
	Total Annual Spending per Pupil			$503.01
	Growth-Adjusted Spending per Pupil			$410.86

Notes

Idaho

Contact Information

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Credit Enhancement Programs

Idaho school districts have the option of having their bonds guaranteed by the state. The State Treasurer determines eligibility based on district financial solvency and ability to meet its debt service obligation in a timely manner. In the event of a default, bondholders are paid from state sales tax revenue.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$10,281,746
1999-00 State Funding	$10,342,474
2000-01 State Funding	$9,089,637
2000-01 Spending per Pupil	$37.00

Fifty percent of the dividend portion of the state lottery is distributed to local school districts for capital outlay expenditures. The dividend is usually about 20% of gross lottery revenue. The portion of lottery each district receives is based on property tax base per ADA.

Additional Methods

The 2000 Idaho legislature set up a $10,000,000 revolving loan fund administered by the state treasurer. However, because the interest rate charged did not offer finance savings, school districts did not borrow from the fund. In 2001, the legislature amended the law and now the $10 million provides grants to pay interest on bonds and levies and remedy unsafe or unhealthy conditions in schools.

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Legal Action

Past Lawsuits Idaho Schools for Equal Educational Opportunity (ISEEO) v. Idaho, 1990

Pending Lawsuits ISEEO v. Idaho II, 1998

Idaho

Empirical Data

Capital Funding Estimates	*State Share*	3%	*Federal Share*		0%
	Local Share	97%	*Other Share*		0%
	State Overall Education Funding Share			66.9%	
Enrollment	*1990-91 Membership*			220,840	
	2000-01 Estimated Membership			245,650	
	Ten-Year Membership Growth			24,810	
	Ten-Year Cumulative Percentage Growth			11.2%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$45.14	
	Growth-Adjusted Spending per Pupil			$37.94	

Notes

Illinois

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$327,000,000
1999-00 State Funding	$540,000,000
2000-01 State Funding	$500,000,000
2000-01 Spending per Pupil	$244.12

The Illinois State Board of Education (ISBE) and the Capital Development Board (CDB) jointly administer School Construction Grants. The grants are awarded to districts in the form of a state match for new construction. The state portion of funding varies from 35% to 75% based on district property wealth per ADA. Districts must meet enrollment minimums (200 for elementary, 200 for high school, 400 for unit districts) and have the required local share of funds available to be eligible for the program. CDB awards grants based on the extent to which current district enrollment exceeds capacity and the project priority category. The 6 funded priority categories are:

1. manmade or natural disasters;
2. overcrowding due to population growth or aging buildings;
3. school district reorganization (consolidation or annexation);
4. severe and continuing health/life safety hazards;
5. provide accessibility for qualified individuals with disabilities; and
6. other unique solutions to facility needs.

Upon receiving a district application, ISBE conducts on-site verification of capacity and building conditions. It then determines the grant index, calculates the priority ranking, and transmits this information to CDB. CDB awards grants when funding is available.

Additional Methods

School districts that passed school construction bond referenda between January 1, 1996 and January 1, 1998 were eligible to participate in the state's Debt Service Grant program. Funding was 10% of the value of bond principal times each district's grant index. The program ended June 30, 1999.

Illinois

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	No
Approval Bodies	State Board of Education Capital Development Board

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	***State Share***	46%	***Federal Share***		0%
	Local Share	54%	***Other Share***		0%
	State Overall Education Funding Share				35.9%
Enrollment	***1990-91 Membership***				1,821,407
	2000-01 Estimated Membership				2,048,197
	Ten-Year Membership Growth				226,790
	Ten-Year Cumulative Percentage Growth				12.5%
State Capital Spending Estimates					
	Total Annual Spending per Pupil				$244.12
	Growth-Adjusted Spending per Pupil				$267.72

Notes

Indiana

Contact Information

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Credit Enhancement Programs

All bonds issued by school districts in the state of Indiana are guaranteed by annual state aid to the district. If a district is unable to meet its debt service obligations, the state treasurer uses state aid that would be due the district for that year to pay bondholders. Each year, Indiana's board of tax commissioners reviews every district's general obligation debt requirements and property tax revenue. If proposed levies are insufficient, the board will establish a levy to meet the district's obligations.

Loan Programs

Indiana offers Common School loans to the 40% of LEAs with the lowest assessed property value per student (ADA). Districts may receive loans up to $15,000,000 or $15,000 times ADA, whichever is greater.

Indiana also offers Veterans Memorial School Construction Fund loans to LEAs with substantial classroom need relative to existing debt. These loans are generally limited to $250,000. To be eligible, districts must levy 90% of the maximum allowable millage.

Both loan programs are also available to districts in which a natural disaster has destroyed major portions of a school building.

Annual Capital Funding Programs

1998-99 State Funding	$35,600,000
1999-00 State Funding	$35,570,795
2000-01 State Funding	$35,669,359
2000-01 Spending per Pupil	$36.07

Indiana distributes a flat grant of $40 per student in grades 1-12 to use for debt service payments. If this aid exceeds debt service payments, districts may use the money for operating expenses or deposit it in a capital projects fund.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No

Approval Bodies None

Indiana

Legal Action

Past Lawsuits None

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	4%	***Federal Share***	0%
	Local Share	96%	***Other Share***	0%
State Overall Education Funding Share				50.4%
Enrollment	***1990-91 Membership***			954,525
	2000-01 Estimated Membership			988,963
	Ten-Year Membership Growth			34,438
	Ten-Year Cumulative Percentage Growth			3.6%
State Capital Spending Estimates				
	Total Annual Spending per Pupil			$36.07
	Growth-Adjusted Spending per Pupil			$46.89

Notes

Iowa

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$0
2000-01 State Funding	$0
2000-01 Spending per Pupil	$0.00

None

Additional Methods

Iowa's three-year, Vision Iowa School Infrastructure Grant program began in FY01. The program provides local districts with state matching funds for major renovation or addition projects or new construction. Funding levels are $10 million for FY01 and $20 million for FY02 and FY03. State bonds financed by gambling revenue fund the program. Assuming the legislature does not appropriate additional funding, the program will expire at that time. However, statutory language is already in place should the legislature decide to continue the program. Last year the program funded 12 projects (average grant $833000 or 26% of total project cost). Districts must apply to be considered for aid and the Department of Education targets grants to districts that have low per pupil fiscal capacity and no local option sales and services tax for school infrastructure. Projects that address specific fire and safety issues or that are part of district restructuring are also given priority. The state match level is based on local district sales and property tax capacity per pupil; the maximum grant for a district is $1 million.

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Iowa

Legal Action

Past Lawsuits None

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	***Federal Share***	
	Local Share	***Other Share***	
	State Overall Education Funding Share		53.3%
Enrollment	***1990-91 Membership***		483,652
	2000-01 Estimated Membership		497,301
	Ten-Year Membership Growth		13,649
	Ten-Year Cumulative Percentage Growth		2.8%
State Capital Spending Estimates			
	Total Annual Spending per Pupil		$20.11
	Growth-Adjusted Spending per Pupil		$24.07

Notes

Kansas

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$22,668,624
1999-00 State Funding	$26,176,468
2000-01 State Funding	$30,809,908
2000-01 Spending per Pupil	$65.59

Kansas reimburses local districts for a portion of bond and interest expenses associated with new school construction. The state pays 25% of the bond and interest obligations of the district with the median assessed property valuation per pupil. This factor increases by one percentage point for each $1000 of assessed property valuation per pupil below the median and decreases by one percentage point for each percentage point above the median.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Legal Action

Past Lawsuits	Unified School District No 229 v. Kansas, final decision in 1994
Pending Lawsuits	None

Kansas

Empirical Data

Capital Funding Estimates	*State Share*	20%	*Federal Share*	0%
	Local Share	80%	*Other Share*	0%
	State Overall Education Funding Share		58.9%	
Enrollment	*1990-91 Membership*		437,034	
	2000-01 Estimated Membership		469,747	
	Ten-Year Membership Growth		32,713	
	Ten-Year Cumulative Percentage Growth		7.5%	
State Capital Spending Estimates				
	Total Annual Spending per Pupil		$65.59	
	Growth-Adjusted Spending per Pupil		$69.11	

Notes

Kentucky

Contact Information

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Credit Enhancement Programs

School districts may use annual state aid to guarantee local general obligation or lease-secured bonds. In order to qualify for the program, a school district's current annual state aid must be double the maximum annual payments for debt service.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$158,646,664
1999-00 State Funding	$161,852,232
2000-01 State Funding	$175,269,131
2000-01 Spending per Pupil	$281.23

Kentucky has three separate programs for K-12 capital outlay:

Capital Outlay is a component of Kentucky's SEEK base funding of school districts. Each district receives $100 per adjusted ADA (currently $61.9 million) to be spent on construction or renovation projects. Districts may issue bonds backed by 80% of this funding.

The Facilities Support Program of Kentucky (FSPK) is also part of SEEK funding. To participate, districts must levy a $.05/$100 property tax to fund debt service on facility bond issues, new facilities, or major renovations of existing school facilities. The FSPK equalizes local revenue at 150% of the statewide per pupil assessment. FSPK represents approximately $43.5 million in state aid.

Districts may also qualify for additional equalization aid through the School Facilities Construction Commission (SFCC). Districts must file a facilities plan with the SFCC. Project costs must exceed the sum of a district's Capital Outlay and FSPK funding, the balance in district capital outlay and building funds, and the bonding potential of those funds. The local match required varies with the financial ability of the district. Funding is approximately $70 million.

Additional Methods

None

Kentucky

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Projects using the third category of aid must be approved by the state Department of Education and the School Facilities Construction Commission.

Legal Action

Past Lawsuits	Council for Better Education v. Collins, 1985
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	***State Share***	64%	***Federal Share***		2%
	Local Share	34%	***Other Share***		0%
	State Overall Education Funding Share			68.4%	
Enrollment	***1990-91 Membership***			636,401	
	2000-01 Estimated Membership			623,231	
	Ten-Year Membership Growth			-13,170	
	Ten-Year Cumulative Percentage Growth			-2.1%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$281.23	
	Growth-Adjusted Spending per Pupil			$412.57	

Notes

The circuit court ruling of Council v. Collins came in the 1988 Council v. Wilkinson decision. The state appealed to the state supreme court. That ruling, Rose v. Council, came in 1989.

Louisiana

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$0
2000-01 State Funding	$0
2000-01 Spending per Pupil	$0.00

None

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	*State Share*	0%	*Federal Share*		0%
	Local Share	100%	*Other Share*		0%
State Overall Education Funding Share				57.7%	
Enrollment	*1990-91 Membership*			784,757	
	2000-01 Estimated Membership			743,089	
	Ten-Year Membership Growth			-41,668	
	Ten-Year Cumulative Percentage Growth			-5.3%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$0.00	
	Growth-Adjusted Spending per Pupil			$0.00	

Maine

Contact Information

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Credit Enhancement Programs

None

Loan Programs

Maine has a revolving renovation fund to encourage replacement of leased space with permanent buildings. School districts take out loans from the state, with 30% to 70% of the loan automatically forgiven. Thus, the program is a combination grant/loan program.

Annual Capital Funding Programs

1998-99 State Funding	
1999-00 State Funding	$105,000,000
2000-01 State Funding	$105,000,000
2000-01 Spending per Pupil	$491.89

Under the state's Major Capital Improvement Program, local districts apply to the Maine School Facilities Programs where a 3-member team reviews the applications, visits all sites, and rates each building. This rating is based on enrollment, enrollment growth, existing school space, current facility conditions, and educational program delivery. The State Board receives a list of these ratings, and districts with the greatest needs receive funding.

Additional Methods

Maine has a revolving renovation fund to encourage replacement of leased space with permanent buildings. School districts take out loans from the state, with 30% to 70% of the loan automatically forgiven. Thus, the program is a combination grant/loan program.

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Maine School Facilities Programs team State Board of Education

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Maine

Empirical Data

Capital Funding Estimates	*State Share*	72%	*Federal Share*	0%
	Local Share	28%	*Other Share*	0%

State Overall Education Funding Share		46.6%
Enrollment	*1990-91 Membership*	215,149
	2000-01 Estimated Membership	213,461
	Ten-Year Membership Growth	-1,688
	Ten-Year Cumulative Percentage Growth	-0.8%
State Capital Spending Estimates		
	Total Annual Spending per Pupil	$491.89
	Growth-Adjusted Spending per Pupil	$505.15

Notes

1999-00 and 2000-01 state aid appropriations each represent half of the total $210,000,000 biennial allocation; actual yearly allocations could differ.

Maryland

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$225,000,000
1999-00 State Funding	$257,500,000
2000-01 State Funding	$290,899,000
2000-01 Spending per Pupil	$340.87

Maryland funds school capital needs primarily through its Capital Improvement Program. The Interagency Committee on School Construction reviews all applications for funding and prioritizes them based on enrollment projections and facilities conditions. The basis for these determinations are 10-year educational facilities plans submitted by districts to the state. The state funds 50% to 90% of approved project costs based on local fiscal capacity. Local fiscal capacity is calculated through a formula including real property assessable tax base, personal property assessable tax base, and personal income. Baltimore City currently receives a 90% match on the first $10 million of construction costs, regardless of this formula. Costs of site acquisition, architectural and engineering fees, utility connections, permits, and movable furniture and equipment are not eligible for state funding.

Additional Methods

In fiscal year 2001, Maryland issued $9,828,000 in QZABs. The state will allocate the funds to districts eligible under federal requirements. Projects must be at least $30,000 in order to qualify.

Also, each year Maryland allocates $10.3 million for its Aging Schools Program. Each district receives funding based on the age and square footage of its buildings. Districts may use this money for capital improvements, repair, and deferred maintenance for existing school buildings. Projects must be at least $10,000 to qualify.

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Interagency Committee on School Construction Board of Public Works

Maryland

Legal Action

Past Lawsuits None

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	***Federal Share***	
	Local Share	***Other Share***	
	State Overall Education Funding Share		40.9%
Enrollment	***1990-91 Membership***		715,176
	2000-01 Estimated Membership		853,406
	Ten-Year Membership Growth		138,230
	Ten-Year Cumulative Percentage Growth		19.3%
State Capital Spending Estimates			
	Total Annual Spending per Pupil		$343.17
	Growth-Adjusted Spending per Pupil		$313.26

Notes

Massachusetts

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$234,572,324
1999-00 State Funding	$275,239,253
2000-01 State Funding	$317,715,946
2000-01 Spending per Pupil	$322.55

Massachusetts reimburses local districts for 50% to 90% of the costs of school construction based on a formula that includes property wealth, income level, and the number of students qualified for free and reduced-price lunches in each district. Also, the state has just begun a new incentive program. This program increases state aid to districts that have high maintenance ratings, hire project managers, exceed energy efficiency standards, or implement innovative programs. Incentive points are also given to districts that seek to extend the useful life of existing facilities through addition and/or renovation projects.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	State Board of Education, School Building Assistance Unit

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Massachusetts

Empirical Data

Capital Funding Estimates	*State Share*	65%	*Federal Share*		0%
	Local Share	35%	*Other Share*		0%
	State Overall Education Funding Share			45.6%	
Enrollment	*1990-91 Membership*			834,314	
	2000-01 Estimated Membership			985,000	
	Ten-Year Membership Growth			150,686	
	Ten-Year Cumulative Percentage Growth			18.1%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$322.55	
	Growth-Adjusted Spending per Pupil			$304.25	

Notes

Michigan

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Credit Enhancement Programs

Districts may apply to participate in Michigan's School Bond Loan Fund Program. To qualify, a district must demonstrate to the state superintendent that projects are needed and their costs are reasonable. Generally, a bond issue must be approved by local voters. Under the program, if a district fails to meet its debt service obligations, the state treasurer pays the required debt service from the bond loan fund. The district must repay the fund with interest. If the balance of the fund is insufficient to cover obligations, the state is required by the state constitution to make loans from the general fund or issue state general obligation bonds to raise necessary funds.

Loan Programs

Districts do not have to default on debts in order to qualify for Michigan's School Bond Loan Program. Thus, it offers loans as well as credit enhancement. To qualify, districts must levy a minimum of 7 debt mills. Treasury may require a district to levy above the 7 mill minimum. Current loans to school districts exceed $425 million.

Annual Capital Funding Programs

1998-99 State Funding		$0
1999-00 State Funding		$0
2000-01 State Funding		$0
2000-01 Spending per Pupil	$0.00	

None

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No

Approval Bodies None

Legal Action

Past Lawsuits None

Pending Lawsuits None

Michigan

Empirical Data

Capital Funding Estimates	*State Share*	0%	*Federal Share*	1%
	Local Share	99%	*Other Share*	0%
	State Overall Education Funding Share			70.7%
Enrollment	*1990-91 Membership*			1,584,431
	2000-01 Estimated Membership			1,705,800
	Ten-Year Membership Growth			121,369
	Ten-Year Cumulative Percentage Growth			7.7%
State Capital Spending Estimates				
	Total Annual Spending per Pupil			$0.00
	Growth-Adjusted Spending per Pupil			$0.00

Notes

Minnesota

Contact Information

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Credit Enhancement Programs

All districts are eligible to participate in the School District Credit Enhancement Program. School districts file school board resolutions with the state Commission of Education in order to participate. Funding for the program comes from a standing statutory appropriation from the state's general fund.

Loan Programs

Districts with low property wealth per ADM that levy 30% of their adjusted net tax capacity (ANTC) may participate in the state's Maximum Effort Loan Program. Through this program, the state issues bonds and loans proceeds from the sale to districts on favorable terms. Districts repay the loans when proceeds from their own maximum effort levy exceed the required debt service levy to pay off local bonds. The Commissioner and local voters must approve each loan. The loan must then be passed into law by the state legislature. Last year districts had to be only 24% of ANTC to qualify and the legislature allocated $19 million for the program. The program is expected to decrease substantially this year.

Annual Capital Funding Programs

1998-99 State Funding	$50,204,241
1999-00 State Funding	$51,631,514
2000-01 State Funding	$48,137,956
2000-01 Spending per Pupil	$56.83

Minnesota's major capital funding program is the Operating Capital Revenue portion of the state's General Education Revenue Program. Each district receives funding of ($168 + average building age) times ADM. This money must be used for construction, renovation, or maintenance. Funding last year was $190 million.

Minnesota also has a number of smaller programs that grant state aid:

Debt Service Equalization aid is available to districts that levy over 12% of their ANTC (this increases to 15% in FY2003). The amount of aid is determined by a formula including ADM and property wealth.

Cooperative Secondary Facilities Grants are available to multiple districts wishing to use a single high school. Remodeling/improvement grants of up to $200,000 and new construction grants of up to $5 million are available. Currently, no districts receive Secondary Facilities Grants.

Minnesota also has a small Handicapped Accessibility Program to remove physical barriers to access. As these barriers are removed the need for this program and funding for it are declining.

Minnesota

Additional Methods

Minnesota allocates around $100 million annually for Health & Safety funding. It's five components are: physical hazards, hazardous material, environmental management, asbestos, and fire safety, violence prevention, and indoor air quality.

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	None

Legal Action

Past Lawsuits	Skeen v. Minnesota, 1988
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	***State Share***	3%	***Federal Share***	1%
	Local Share	97%	***Other Share***	0%

State Overall Education Funding Share		57.1%
Enrollment	***1990-91 Membership***	756,374
	2000-01 Estimated Membership	847,000
	Ten-Year Membership Growth	90,626
	Ten-Year Cumulative Percentage Growth	12.0%
State Capital Spending Estimates		
	Total Annual Spending per Pupil	$56.83
	Growth-Adjusted Spending per Pupil	$59.14

Notes

Mississippi

Contact Information

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Credit Enhancement Programs

As part of Mississippi Adequate Education Program (MAEP) of 1997, the state provides each district with $160 per ADA for a state-approved capital plan. Districts could for one year (until June 30, 1998) issue state aid capital improvement bonds secured by MAEP funds. MAEP funds must equal or exceed maximum debt service for each year of the life of the bonds.

Loan Programs

Each year districts receive $24 per ADA in grants from the Public School Building Fund. The State Board of Education is authorized to lend up to 75% of the grants that are expected to accrue to a district over the next 20 years. Projects must be approved by the Board.

Annual Capital Funding Programs

1998-99 State Funding	$47,472,380
1999-00 State Funding	$80,963,693
2000-01 State Funding	$108,271,953
2000-01 Spending per Pupil	$216.82

Mississippi funds school capital needs through 2 avenues, the state Public School Building Fund and the Mississippi Adequate Education Program (MAEP). Each year the legislature allocates $20 million for the Public School Building Fund. From this districts receive an annual grant of $24 per ADA. Districts may also borrow against future allocations.

MAEP will reach full funding in FY03 at $130.5 million. During the first 5 years of the program (begun in FY98), MAEP funding is dedicated for capital needs cited in district long range facilities plans submitted to the state, though districts may use up to 20% of their grant for technology needs and/or instructional purposes. MAEP determines district need based on ADA with an at-risk adjustment. It then subtracts the local contribution (based on property tax base) from this need. The difference is the state contribution under MAEP. All districts, including the wealthiest, receive at least 8% more under MAEP than under the Minimum Education Program (Mississippi's basic funding mechanism prior to MAEP).

Additional Methods

The state Education Enhancement Fund sets aside $16 million annually to be used for school buildings, buses, and classroom supplies.

Mississippi

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Department of Education, Office of Safe and Orderly Schools, Division of School Building

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	***State Share***	27%	***Federal Share***		0%
	Local Share	68%	***Other Share***		5%
	State Overall Education Funding Share			63.8%	
Enrollment	***1990-91 Membership***			502,417	
	2000-01 Estimated Membership			499,362	
	Ten-Year Membership Growth			-3,055	
	Ten-Year Cumulative Percentage Growth			-0.6%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$216.82	
	Growth-Adjusted Spending per Pupil			$288.28	

Notes

Missouri

Contact Information

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Credit Enhancement Programs

In 1995, Missouri initiated the Missouri School District Direct Deposit Program. In order to participate, a district must enter into a binding contract to divert monthly state aid (equal to debt service payments) to a bank serving as a trustee. This money goes to pay bondholders and districts use local revenue that would have gone to pay bondholders to replace state aid. The amount of state aid the district received the previous year must be 1.5 times the maximum annual payout for the bond issue for the district to qualify for the program.
The program also reimburses districts for the cost of issuance (up to 2% of bond value). The average reimbursement is 1.3% of bond value. The reimbursement is financed by revenue derived from riverboat gambling.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$0
2000-01 State Funding	$0
2000-01 Spending per Pupil	$0.00

None

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Missouri

Empirical Data

Capital Funding Estimates	*State Share*	1%	*Federal Share*		1%
	Local Share	98%	*Other Share*		0%
	State Overall Education Funding Share			52.2%	
Enrollment	*1990-91 Membership*			816,558	
	2000-01 Estimated Membership			897,081	
	Ten-Year Membership Growth			80,523	
	Ten-Year Cumulative Percentage Growth			9.9%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$0.00	
	Growth-Adjusted Spending per Pupil			$0.00	

Notes

Montana

Contact Information

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Credit Enhancement Programs

None

Loan Programs

Local school districts may borrow funds through Montana's Board of Investments INTERCAP program, a source of low-cost, variable-rate loans. The maximum loan term is ten years or the useful life of the project, whichever is less. If a building fund levy is pledged for the repayment of a loan, it is limited to five years. These features effectively limit INTERCAP loans to renovation and small construction projects. Local districts have 2 avenues whereby they can apply for these loans: (1) local voters can approve a building reserve levy in order to pay off the loans; or (2) local district trustees may, without voter approval, take out loans in order to renovate or expand existing facilities in which the project does not constitute more than 20% of the square footage of the existing real property. INTERCAP can provide interim financing as well as long-term financing. The Board of Investors maintains an investment portfolio of approximately $8.5 billion that serves as the source for INTERCAP and other programs.

Annual Capital Funding Programs

1998-99 State Funding	$3,000,000
1999-00 State Funding	$3,500,000
2000-01 State Funding	$4,000,000
2000-01 Spending per Pupil	$25.66

Montana's School Facilities Payments reimburse low-wealth districts for a portion of debt service payments. Only debt incurred after July 1, 1991 is eligible. In order to qualify, a district must have a mill value per average number belonging (ANB) below the state average. For these districts, the state pays the district's school facilities entitlement as determined by the state formula (between $220 and $330 per ANB) or the district's debt service obligation from bonds for each year, whichever is lower. In years in which district needs as determined by this process exceed state funding, the allocation is prorated.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Montana

Legal Action

Past Lawsuits Helena Elementary School District No. 1 v. Montana, decided

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	***Federal Share***	
	Local Share	***Other Share***	
	State Overall Education Funding Share		52.1%
Enrollment	***1990-91 Membership***		152,974
	2000-01 Estimated Membership		155,860
	Ten-Year Membership Growth		2,886
	Ten-Year Cumulative Percentage Growth		1.9%
State Capital Spending Estimates			
	Total Annual Spending per Pupil		$25.66
	Growth-Adjusted Spending per Pupil		$21.66

Notes

Nebraska

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$0
2000-01 State Funding	$0
2000-01 Spending per Pupil	$0.00

None

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	*State Share*	0%	*Federal Share*		0%
	Local Share	100%	*Other Share*		0%
	State Overall Education Funding Share			45.2%	
Enrollment	*1990-91 Membership*			274,081	
	2000-01 Estimated Membership			286,176	
	Ten-Year Membership Growth			12,095	
	Ten-Year Cumulative Percentage Growth			4.4%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$0.00	
	Growth-Adjusted Spending per Pupil			$0.00	

Nevada

Contact Information

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Credit Enhancement Programs

Nevada school districts can apply to have their bonds guaranteed by the state's permanent school fund. State law limits the total amount guaranteed to 250% of the fund's assets. Individual school districts may guarantee up to $25 million in outstanding bonds at any give time. If the district defaults on its debt, bondholders are paid from the permanent school fund. The state treasurer then reimburses the fund with money that would normally be distributed to the district from local school support taxes and the state distributive account.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$0
2000-01 State Funding	$0
2000-01 Spending per Pupil	$0.00

None

Additional Methods

In 1998, Nevada floated a $16 million state bond initiative to assist low-wealth school districts in school construction. The State Department of Administration allocated this money. To qualify, districts must have a low property tax base and demonstrate that facilities are in dire need of repair, renovation, or replacement. Currently, two districts have qualified for aid.

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No

Approval Bodies None

Legal Action

Past Lawsuits None

Pending Lawsuits None

Nevada

Empirical Data

Capital Funding Estimates	*State Share*	*Federal Share*	
	Local Share	*Other Share*	
	State Overall Education Funding Share		34.9%
Enrollment	*1990-91 Membership*		201,316
	2000-01 Estimated Membership		340,707
	Ten-Year Membership Growth		139,391
	Ten-Year Cumulative Percentage Growth		69.2%
State Capital Spending Estimates			
	Total Annual Spending per Pupil		$9.39
	Growth-Adjusted Spending per Pupil		$5.07

Notes

New Hampshire

Contact Information

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Credit Enhancement Programs

New Hampshire will guarantee up to 75% of local bond issues. The state guarantees up to a $75 million cap on a first come, first served basis. Because of the $75 million cap, most districts do not receive the full 75% guarantee.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$18,500,000
1999-00 State Funding	$19,000,000
2000-01 State Funding	$21,500,000
2000-01 Spending per Pupil	$102.16

New Hampshire's School Building Aid ($21.5 million in FY01) pays from 30% to 55% of bond payments each year passed by local legislative bodies for projects meeting state approval requirements. The amount of state aid is based on the number of towns in cooperative school districts. A single district receives a 30% reimbursement; a cooperative of 5 or more districts receives a 55% match.

Additional Methods

In 2000, the state authorized $9 million for vocational education tech center renovations. That money has recently been allocated to districts, but as of September 2001, none had yet been spent. The program is designed to be ongoing, but future appropriations will vary with need and legislative action.

The state also provides Kindergarten Incentive Grants that provide 75% of the cost of construction of kindergarten facilities, exclusive of site acquisition and core facilities. New Hampshire does not require public kindergarten and these grants, along with separate operating grants, were intended to make kindergarten programs virtually universal throughout the state. The grants have stretched over a 7 year period and the total allocation, when the program ends, will be $43 million.

State Oversight

State Requires School Facilities Plan for Aid		No
For All Districts		No
Approval Bodies	State Board of Education State Department of Education	

New Hampshire

Legal Action

Past Lawsuits None

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	38%	***Federal Share***		0%
	Local Share	62%	***Other Share***		0%
	State Overall Education Funding Share			66.7%	
Enrollment	***1990-91 Membership***			172,785	
	2000-01 Estimated Membership			210,454	
	Ten-Year Membership Growth			37,669	
	Ten-Year Cumulative Percentage Growth			21.8%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$151.58	
	Growth-Adjusted Spending per Pupil			$105.33	

Notes

New Jersey

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Credit Enhancement Programs

Under New Jersey's School Qualified Bond Act, districts may apply to have their general obligation bonds guaranteed by state aid to the district. In the event of a default, a portion of state aid due the district equal to the debt service shortfall will be directed to bondholders.

New Jersey also guarantees bonds from its Fund for the Support of Free Public Schools. The New Jersey Statutes require this fund to remain at 1.5 times aggregate school district debt.

Loan Programs

The New Jersey Economic Development Authority can make loans to districts for minor construction projects (less than $500,000). These loans are subject to approval by the State Treasurer.

Annual Capital Funding Programs

1998-99 State Funding	$121,671,000
1999-00 State Funding	$221,331,000
2000-01 State Funding	$172,776,000
2000-01 Spending per Pupil	$131.91

New Jersey's Facilities Construction and Renovation Program is a result of the Education Facilities Construction and Financing Act (EFCFA) of 2000. The cornerstone of this act is an $8.6 billion bond initiative. Every district in the state must submit an annual long-range facilities plan. Thirty "special needs districts" (also known as Abbott districts per the Abbott v. Burke court case) receive 100% funding for projects approved by the Department of Education. The Department and the LEA set priorities based on the following system:
Tier I: health and safety; required early childhood education programs; unhoused students/class size reduction
Tier II: educational adequacy (non-classroom spaces contained in facilities efficiency standards set by the state)
Tier III: technology projects; regionalization or consolidation projects
Tier IV: other local objectives

All non-Abbott districts are eligible for state aid on a sliding scale based on district wealth (personal income and property tax base). The minimum state aid is 40%. In most cases, local voters must approve the expenditure of the local share of a project in order to secure funding for the state share.

New Jersey

The New Jersey Economic Development Authority (NJEDA) directly oversees financing, planning, design, construction management, acquisition, construction and completion of all projects receiving at least 55% state aid. Districts receiving less state aid may choose whether or not to have NJEDA manage their projects. Districts that manage their own projects may take state aid as a one-time grant or as annual assistance with debt service. Grant aid is 115% of the district aid percentage or 40% of final eligible project costs, whichever is greater. Debt service assistance funding is determined by a formula that considers debt service, district aid percentage, eligible costs, and (in some cases) LEA fulfillment of maintenance requirements.

The bulk of funding for EFCFA comes from an $8.6 billion state bond initiative floated in 2000.

New Jersey also has a Debt Service Aid program that predates EFCFA. The state pays a percentage of district debt service based on district income and property wealth. Some wealthy districts are ineligible for Debt Service Aid.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Department of Education

Legal Action

Past Lawsuits	Abbott v. Burke, 1981
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	***State Share***	***Federal Share***
	Local Share	***Other Share***
	State Overall Education Funding Share	7.5%
Enrollment	***1990-91 Membership***	1,089,646
	2000-01 Estimated Membership	1,309,839
	Ten-Year Membership Growth	220,193
	Ten-Year Cumulative Percentage Growth	20.2%
State Capital Spending Estimates		
	Total Annual Spending per Pupil	$1,445.04
	Growth-Adjusted Spending per Pupil	$1,342.80

Notes

Annual funding program amounts reflect New Jersey's Debt Service Aid program but do not include funds from the state bond initiative.

New Mexico

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$34,400,000
1999-00 State Funding	$33,000,000
2000-01 State Funding	$69,600,000
2000-01 Spending per Pupil	$219.87

The Public School Capital Outlay Council bases the level of aid available for a particular project on the age, enrollment, enrollment growth, and space per student in existing schools and tax revenue, property tax base, bonded indebtedness, current enrollment and enrollment growth of school districts.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Public School Capital Outlay Council

Legal Action

Past Lawsuits	Zuni Public School District v New Mexico (Michael Davis), 1998
Pending Lawsuits	Zuni Public School District v New Mexico (Michael Davis), 1998

New Mexico

Empirical Data

Capital Funding Estimates	*State Share*	11%	*Federal Share*		3%
	Local Share	85%	*Other Share*		1%
	State Overall Education Funding Share			38.7%	
Enrollment	*1990-91 Membership*			301,881	
	2000-01 Estimated Membership			316,548	
	Ten-Year Membership Growth			14,667	
	Ten-Year Cumulative Percentage Growth			4.9%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$219.87	
	Growth-Adjusted Spending per Pupil			$224.69	

Notes

New York

Contact Information

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Credit Enhancement Programs

All New York school districts automatically participate in the state's credit enhancement program. If a district defaults on its bonded debt, the state comptroller deducts from state aid due the district an amount sufficient to pay bondholders. Annual state aid must equal or exceed district debt service requirements.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$847,294,206
1999-00 State Funding	$1,135,433,114
2000-01 State Funding	$1,182,346,667
2000-01 Spending per Pupil	$402.16

Every district considering a capital project must send a letter of intent to New York's Office of Facilities Planning. Upon receipt of this letter, the Office assigns a project manager to the district to coordinate district efforts, ensure the project is needed and in compliance with state regulations, and facilitates release of state funding. District voters must then approve local funding before the Commissioner approves the project and the Office of Facilities Planning issues a building permit. Only then can the district advertise for bids.

All approved projects qualify for State Building Aid ($1,162,881,831 in FY01). The amount of aid allocated for each project is Approved Building Expenses (ABE) times the district's Building Aid Ratio (BAR), a fraction based on the district's property valuation per ADA compared to the state average. This aid can be used for construction, renovation, purchase, or lease of school buildings. It can also be used to install computer laboratory hardware or stationary metal detectors. A regional cost factor adjusts for intrastate variation in the cost to build or repair school facilities.

New York also offers Reorganization Incentive Aid ($19,464,836 in FY01) to districts pursuing projects in which two are more small districts consolidate facilities into one larger facility.

Additional Methods

The New York legislature passed the state's RESCUE program in 1999. The program provides additional state funding for districts to pursue
- an accessibility project,
- an educational technology project,
- a health and safety project,
- a physical capacity expansion project, and/or
- a construction emergency project.

District allocations are based on enrollment and may be used to pay a portion of the local share required for State Building Aid. The state allocated $145 million in FY99 and $50 million in FY00 with no additional allocation since that time. Those "pots" of money run through 2003, when the program is set to sunset.

New York

State Oversight

State Requires School Facilities Plan for Aid		Yes
For All Districts		Yes
Approval Bodies	Commissioner of Education Office of Facilities Planning	

Legal Action

Past Lawsuits	None
Pending Lawsuits	Campaign for Fiscal Equity v. New York, 1993

Empirical Data

Capital Funding Estimates	*State Share*	80%	*Federal Share*		0%
	Local Share	20%	*Other Share*		0%
	State Overall Education Funding Share			83.8%	
Enrollment	*1990-91 Membership*			2,598,337	
	2000-01 Estimated Membership			2,940,000	
	Ten-Year Membership Growth			341,663	
	Ten-Year Cumulative Percentage Growth			13.1%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$402.17	
	Growth-Adjusted Spending per Pupil			$440.57	

Notes

For fiscal years 2000, 01, and 02, some projects received a .10 addition to the BAR, up to .95. Projects approved on or after July 1, 1998 through June 30, 2000 generate the 10% incentive on top of the Selected Aid Ratio. All Projects approved by the voters after June 30, 2000 receive the greater of the current year aid ratio or the Selected Aid ratio minus .10. Once this selection is made, the State Department of Education adds .10 to it. The significant state funding increase from FY99 to FY00 reflects this additional incentive funding. The state and local share estimates reflect this increase but do not reflect RESCUE funding.

North Carolina

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$70,000,000
1999-00 State Funding	$70,000,000
2000-01 State Funding	$70,000,000
2000-01 Spending per Pupil	$55.30

Annual aid comes in two forms, the Public School Building Capital Fund and the Critical Needs School Fund. PSBCF money (approximately $60 million a year for 10 years) comes in the form of a $3 state match for every dollar local school districts spend. Each district's potential match is based on ADM. The Critical Needs School Fund disperses about $10 million annually and will expire in 2003. Fund requests are prioritized by a list generated in 1988 based on a formula encompassing wealth and the adequacy of teaching stations within a school system.

Additional Methods

In 1996, North Carolina passed a $1.8 billion bond measure for school construction. Priority is given to districts based on ADM, with higher levels of funding going to districts with high enrollment growth and/or lower property wealth.

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	None

Legal Action

Past Lawsuits	Leandro v. North Carolina, 1994
Pending Lawsuits	None

North Carolina

Empirical Data

Capital Funding Estimates	*State Share*	42%	*Federal Share*	1%
	Local Share	57%	*Other Share*	0%
	State Overall Education Funding Share			42.2%
Enrollment	*1990-91 Membership*			1,086,871
	2000-01 Estimated Membership			1,265,810
	Ten-Year Membership Growth			178,939
	Ten-Year Cumulative Percentage Growth			16.5%
State Capital Spending Estimates				
	Total Annual Spending per Pupil			$340.65
	Growth-Adjusted Spending per Pupil			$336.41

Notes

North Dakota

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Credit Enhancement Programs

All districts are required to participate in the state's bond guarantee program. Through it, local bonds are guaranteed by annual state aid to local districts. In the event that a local district cannot meet its debt service obligations, the state treasurer directs aid to pay bondholders.

Loan Programs

Districts may apply for loans from the state's coal trust fund. In order to qualify, projects must be approved by the state superintendent. District capital debt must equal or exceed 15% of taxable value (5% full and true value) and in most cases local voters must approve a bond initiative. If approved, districts may borrow up to $2.5 million or one-third of project cost, whichever is less. The interest rates vary from 1% to 5% depending on district need. District need is based on a formula that considers taxable value per pupil, capital debt, local tax effort, and expenditures per pupil.

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$0
2000-01 State Funding	$0
2000-01 Spending per Pupil	$0.00

None

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	State Superintendent

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

North Dakota

Empirical Data

Capital Funding Estimates	*State Share*	0%	*Federal Share*		0%
	Local Share	99%	*Other Share*		1%
	State Overall Education Funding Share			67.2%	
Enrollment	*1990-91 Membership*			117,825	
	2000-01 Estimated Membership			105,635	
	Ten-Year Membership Growth			-12,190	
	Ten-Year Cumulative Percentage Growth			-10.3%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$0.00	
	Growth-Adjusted Spending per Pupil			$0.00	

Notes

Ohio

Contact Information

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Credit Enhancement Programs

Any Ohio school district may apply for the state's credit enhancement program. Applications must be approved by the State Board of Education and the Office of Budget and Management. Approval is based on the credit quality of the local district and the district's annual foundation aid from the state. This aid is used to guarantee the local bonds. In order to qualify, the amount of foundation aid the district has received for the past 3 fiscal years must exceed maximum annual debt service charges on the bond issuance by a ratio of 1.25 to 1. In the event the district cannot pay bondholders, the state uses foundation aid the district is due to receive to pay the obligation.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$375,000,000
1999-00 State Funding	$684,603,489
2000-01 State Funding	$533,002,857
2000-01 Spending per Pupil	$292.67

Prior to 1997, local districts were responsible for virtually all capital costs. That year the state implemented the Rebuilding Ohio Schools plan, a program set to run for 15 years. Thus, Ohio does not have an annual funding program in the strictest since, but its funding program is ongoing. All state aid is administered by the Ohio School Facilities Commission (OSFC). OSFC operates 10 funding programs, including 4 major ones (2000-01 funding is in parentheses):

1. Classroom Facilities Assistance ($394 million): this program meets all district facilities needs with state matching funds. OSFC sends a team to every district to determine what needs the district has and constructs a Master Facilities Plan (MFP). The state then offers matching funds as they are available, beginning with districts with lower property wealth per ADM. As of August, the state had distributed aid to 124 of the state's 612 districts. The district match is determined by property wealth per ADM as well. All districts are ranked, and the amount of aid each district receives is based on its percentile. For example, a district in the 25th percentile would be required to pay 25% of the entire cost of the MFP. The state would cover the other 75%. Districts must pass levies to pay their share before state aid is available.
2. Expedited Local Partnership ($0 state funding; approx. $400 million in local funding): wealthier districts not yet eligible for CFA aid may request OSFC conduct an assessment and produce an MFP. The district may use local funds to carry out some projects in the MFP and have that money credited toward local match requirements when they become eligible for CFA.
3. Exceptional Needs ($131 million): provides state matching funds to districts not yet reached by CFA to improve individual buildings that pose a health or safety risk to students and teachers. The state match level is the same as that for CFA funding.
4. Accelerated Urban Initiative/Big 8 (Accelerated Urban: $0, funding will begin in FY03): The Big 8 program provided $120 million in matching grants to the state's 8 urban districts for major repairs and renovations. Both Canton and Youngstown have already received CFA funding and no longer participate. The Accelerated Urban Initiative mandates that the remaining 6 urban districts become eligible for at least a part of CFA funding regardless of their rank.

Ohio

Additional Methods

Ohio provides Emergency Assistance funding for districts that experience a natural disaster and require financial assistance to recover. Last year the legislature allocated $7.5 million, but no funds were used.

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	School Facilities Commission State Controlling Board

Legal Action

Past Lawsuits	DeRolph v. Ohio, 1991
Pending Lawsuits	DeRolph v. Ohio, 1991

Empirical Data

Capital Funding Estimates	*State Share*	60%	*Federal Share*		0%
	Local Share	40%	*Other Share*		0%
	State Overall Education Funding Share				42.9%
Enrollment	*1990-91 Membership*			1,771,089	
	2000-01 Estimated Membership			1,821,200	
	Ten-Year Membership Growth			50,111	
	Ten-Year Cumulative Percentage Growth			2.8%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$292.67	
	Growth-Adjusted Spending per Pupil			$410.86	

Notes

Oklahoma

Contact Information

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Credit Enhancement Programs

Oklahoma school districts may apply to have their bonds guaranteed by the state's Common School Trust fund. Outstanding guaranteed bonds may not exceed two times the cost value or the market value of the fund, whichever is less. If a district fails to meet its debt obligations, the state pays bondholders from the principal of the fund. The district is required to reimburse the fund within 30 days.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$0
2000-01 State Funding	$0
2000-01 Spending per Pupil	$0.00

None

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Oklahoma

Empirical Data

Capital Funding Estimates	*State Share*	0%	*Federal Share*		0%
	Local Share	100%	*Other Share*		0%
	State Overall Education Funding Share			65.9%	
Enrollment	*1990-91 Membership*			579,087	
	2000-01 Estimated Membership			625,577	
	Ten-Year Membership Growth			46,490	
	Ten-Year Cumulative Percentage Growth			8.0%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$0.00	
	Growth-Adjusted Spending per Pupil			$0.00	

Notes

Oregon

Contact Information

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School Finance Director
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Credit Enhancement Programs

All school districts are eligible to participate in Oregon's bond guarantee program. A district application must include most recent audited financial statements and a detailed debt statement. If a district is unable to meet its debt obligation, the state treasurer uses available state funds or a loan from the common school fund to pay bondholders. The defaulting district must then repay the state, including interest and in some cases an additional penalty. The state is authorized to intercept any payments provided by the state to the school district to reimburse itself. If these funds are insufficient to cover the district's obligation to the state, the state can compel the district to levy a property tax. The state can guarantee up to 0.5% of the true cash value of taxable property in the state.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$7,743,769
2000-01 State Funding	$9,654,584
2000-01 Spending per Pupil	$17.64

Oregon assists local school districts with Facility Grants, part of the State School Fund. These grants are meant to assist districts dealing with rapid enrollment growth in purchasing items not covered by bonds, such as desks. To receive aid, districts must apply with the Department of Education. The amount of state aid depends on the number of approved projects and available revenue. These grants can be up to 8% of the cost of new construction; last year they covered 5.6%. Each district receives the same percentage grant. Thus, for last year every approved project was covered at the 5.6% level. Though the state grants are a percentage of construction costs, they cannot be spent on actual construction expenditures.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	No
Approval Bodies	Department of Education

Oregon

Legal Action

Past Lawsuits None

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	6%	***Federal Share***	0%
	Local Share	94%	***Other Share***	0%
	State Overall Education Funding Share		56.0%	
Enrollment	***1990-91 Membership***		472,394	
	2000-01 Estimated Membership		547,200	
	Ten-Year Membership Growth		74,806	
	Ten-Year Cumulative Percentage Growth		15.8%	
State Capital Spending Estimates				
	Total Annual Spending per Pupil		$17.64	
	Growth-Adjusted Spending per Pupil		$16.21	

Notes

Pennsylvania

Contact Information

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Credit Enhancement Programs

All Pennsylvania districts participate in the state's bond guarantee program. In the event that a district is unable to meet its debt service obligations, the state secretary of education remits state aid that would be due the district to bondholders.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$233,766,000
1999-00 State Funding	$253,766,000
2000-01 State Funding	$267,451,000
2000-01 Spending per Pupil	$147.68

School districts seeking state reimbursement for new construction or major renovation projects must follow the state's 11-step PlanCon (Planning and Construction Workbook) process. As a first step, the district must submit justification for the project demonstrating need based on current or projected enrollment. The state uses one of two methods to determine the total reimbursable amount: (1) rated pupil capacity of the project times a per pupil dollar amount set by the state legislature or (2) actual structure costs, architect's fees, and movable fixtures and equipment based on bids submitted for the project. The formula for state reimbursement uses the lesser of these amounts for each project. After calculating the reimbursable amount, the state then divides that amount by total project costs to determine the reimbursable percent. In cases where districts use bonds to finance the project, the semi-annual bond payment is multiplied by the reimbursable percent and a wealth-adjustment factor (either MVAR or CARF) in order to determine aid from the state. For projects financed by cash, state funding is determined by multiplying total project cost by the reimbursable percent and a wealth-adjustment factor.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	No
Approval Bodies	State Department of Education

Pennsylvania

Legal Action

Past Lawsuits None

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	***Federal Share***	
	Local Share	***Other Share***	
	State Overall Education Funding Share		40.7%
Enrollment	***1990-91 Membership***		1,667,834
	2000-01 Estimated Membership		1,811,030
	Ten-Year Membership Growth		143,196
	Ten-Year Cumulative Percentage Growth		8.6%
State Capital Spending Estimates			
	Total Annual Spending per Pupil		$147.68
	Growth-Adjusted Spending per Pupil		$175.94

Notes

Rhode Island

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$22,568,946
1999-00 State Funding	$25,540,280
2000-01 State Funding	$30,775,774
2000-01 Spending per Pupil	$194.61

Rhode Island uses a percentage equalizing formula to reimburse local districts for qualified and completed projects. The formula determines the aid a particular district receives by dividing the district's per pupil equalized weighted assessed valuation (adjusted for median income) by the state total per pupil equalized assessed valuation.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	Board of Regents for Elementary and Secondary Education

Legal Action

Past Lawsuits None

Pending Lawsuits None

Rhode Island

Empirical Data

Capital Funding Estimates	*State Share*	38%	*Federal Share*		0%
	Local Share	62%	*Other Share*		0%
	State Overall Education Funding Share			41.7%	
Enrollment	*1990-91 Membership*			138,813	
	2000-01 Estimated Membership			158,141	
	Ten-Year Membership Growth			19,328	
	Ten-Year Cumulative Percentage Growth			13.9%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$194.61	
	Growth-Adjusted Spending per Pupil			$135.91	

Notes

South Carolina

Contact Information

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Credit Enhancement Programs

All South Carolina school district general obligation bonds are automatically covered under the state's credit enhancement program. There is no application process. If a district is unable to repay bondholders, the county treasurer uses state distributed school district revenue to make up the deficiency.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$47,848,376
1999-00 State Funding	$40,317,000
2000-01 State Funding	$20,849,000
2000-01 Spending per Pupil	$32.20

South Carolina has two ongoing programs to provide capital aid to local school districts. In order to qualify for funding from any program, a district must submit a standard application form to the state.

The School Building Aid program ($13 million) provides funds to districts based on K-12 ADM. Districts can use the funds to finance construction, renovation, or repair of facilities or to pay down district debt incurred for capital projects. In order to qualify for School Building Aid funding, districts must maintain the existing level of local fiscal effort per pupil for non-capital programs. Revenue for the program comes from unexpended funds or an operating surplus in the Education Improvement Act Fund.

The Children's Education Endowment ($7,849,000) splits capital revenue 4 ways:
35% based on ADM
35% based on the state's Education Finance Act formula (ADM x district property tax base factor)
15% based on local effort (per pupil district expenditures for capital projects and debt service divided by property tax base)
15% based on need (2.5% of construction costs for all buildings 11 to 50 years of age; 100% of replacement costs for all buildings over 50 years old; and current overcrowding). CEE funding comes from tax revenue from the Barnwell low-level radioactive waste facility.

South Carolina

Additional Methods

In 1999, the South Carolina legislature passed the State School Facilities Bond Act, which provided $750 million for new construction and renovation projects. If a district has fully funded all construction and renovation, it can then use the funds for debt service. All funding is distributed according to the same formula as used for the Children's Education Endowment.

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Department of Education, Office of School Facilities

Legal Action

Past Lawsuits	None
Pending Lawsuits	Abbeville County School District v. South Carolina, 1999

Empirical Data

Capital Funding Estimates	*State Share*	25%	*Federal Share*		0%
	Local Share	75%	*Other Share*		0%
	State Overall Education Funding Share			39.4%	
Enrollment	*1990-91 Membership*			622,112	
	2000-01 Estimated Membership			647,400	
	Ten-Year Membership Growth			25,288	
	Ten-Year Cumulative Percentage Growth			4.1%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$263.90	
	Growth-Adjusted Spending per Pupil			$320.02	

Notes

South Dakota

Contact Information

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Credit Enhancement Programs

Because of South Dakota's general obligation debt limitations for school districts, major capital projects are not directly funded locally. Instead, proceeds from bonds issued by the state Health and Educational Facilities Authority provide revenue for major construction and renovation projects. Districts must enter into lease purchase agreements with the authority to finance capital projects. If a district cannot meet lease rental requirements, the state Board of Education diverts payment of the district's state aid to pay unpaid lease rentals. In order to qualify for the program, a district's state aid must equal or exceed future maximum annual debt service payments.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$0
1999-00 State Funding	$0
2000-01 State Funding	$0
2000-01 Spending per Pupil	$0.00

None

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

South Dakota

Empirical Data

Capital Funding Estimates	*State Share*	0%	*Federal Share*	0%
	Local Share	100%	*Other Share*	0%
	State Overall Education Funding Share			57.2%
Enrollment	*1990-91 Membership*			129,164
	2000-01 Estimated Membership			128,133
	Ten-Year Membership Growth			-1,031
	Ten-Year Cumulative Percentage Growth			-0.8%
State Capital Spending Estimates				
	Total Annual Spending per Pupil			$0.00
	Growth-Adjusted Spending per Pupil			$0.00

Notes

Tennessee

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$157,544,985
1999-00 State Funding	$164,702,240
2000-01 State Funding	$171,418,431
2000-01 Spending per Pupil	$189.39

School building construction is a component of Tennessee's Basic Education Program (BEP). The formula the state uses for funding can be broken down into three basic steps. First, the state determines each system's need for school buildings based on ADM. The BEP then calculates the cost of those schools including construction, equipment, architects' fees, and financing. Finally, it divides that total cost by the expected 40-year life of a school building. This last number is the amount the BEP allocates for capital outlay for the district.

As a non-classroom component of the BEP, Tennessee funds 50% of the total state BEP allocation for school building construction. However, each district's funding varies with that district's fiscal capacity. The BEP fiscal capacity formula includes property and sales tax bases, per capita income, ratio of commercial and industrial property to residential property, and per capita ADM. Adjusted for fiscal capacity, Tennessee funds between 11% and 89% of BEP-determined district school construction needs.

State school construction funding is not a true matching grant, nor is it tied to actual capital expenditures. Though the state allocates this money for capital outlay and debt service, it does not mandate that these funds be used for those purposes. Also, certain other components of the BEP can be used for capital outlay and debt service, and districts are free to spend more or less than their local portion of BEP school construction funding would indicate. However, while districts may shift local spending from one BEP component to another, they are not allowed to spend less than the total BEP-determined local spending level.

Additional Methods

Tennessee's BEP includes growth funding to provide additional funds for local agencies experiencing extraordinary growth. This money may be used for capital outlay or other district needs. In order to qualify, a district must have annual membership growth of 0.9%. Funding for FY01 was $??? million.

Tennessee

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Legal Action

Past Lawsuits	Tennessee Small School Systems v. McWherter, 1988
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	*State Share*	27%	*Federal Share*		0%
	Local Share	73%	*Other Share*		0%
	State Overall Education Funding Share			52.8%	
Enrollment	*1990-91 Membership*			824,595	
	2000-01 Estimated Membership			905,100	
	Ten-Year Membership Growth			80,505	
	Ten-Year Cumulative Percentage Growth			9.8%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$189.39	
	Growth-Adjusted Spending per Pupil			$208.07	

Notes

Texas

Contact Information

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Credit Enhancement Programs

School districts apply to the Commissioner of Education to qualify for a state bond guarantee. The state guarantees bonds based on economic conditions, academic accreditation record, debt and capital needs, and financial performance. Bonds are guaranteed by the Texas Permanent School Fund, and legal provision limit the maximum amount of debt guaranteed by the fund to twice the fund's market value. As of May 2001, the fund had $15.6 million in it and $21.5 million in local bonds were guaranteed out of a possible $31.2 million.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$119,000,000
1999-00 State Funding	$619,000,000
2000-01 State Funding	$698,500,000
2000-01 Spending per Pupil	$173.17

Texas has 2 programs designed to equalize and reduce the local burden of debt service payments for school districts: Instructional Facilities Allotment (IFA) and Existing Debt Allotment (EDA). Funding for these programs comes from the Foundation School Program (FSP), which is made up of revenue from the general fund, including the state lottery, sales tax revenue, motor fuel taxes. The FSP also includes the Available School Fund, which is interest from the Texas Permanent School Fund.

To receive IFA funds, districts must submit a description of the instructional facility to the state. Districts are ranked by property wealth per ADA and state funds are distributed to the lowest wealth districts first. Thus, higher wealth districts may not receive aid. The estimated IFA budget for 2000-01 was $223.9 million in state matching funds. The average state share of project cost under IFA was 63%.

The purpose of EDA funding is to equalize the payments of existing debt. The amount of state aid available to each district is based on that district's wealth per ADA. The estimated EDA funding for FY01 was $474.6 million.

Another funding program within the FSP is the New Instructional Facilities Allotment (NIFA). Only new construction projects are eligible for funding ($25 million in FY01). If there is insufficient funding to cover all eligible projects, aid to each district is directly proportional to that district's property tax base.

Texas

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	Texas Education Agency

Legal Action

Past Lawsuits	Edgewood v. Kirby, 1984
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	*State Share*	*Federal Share*
	Local Share	*Other Share*
	State Overall Education Funding Share	46.6%
Enrollment	*1990-91 Membership*	3,382,887
	2000-01 Estimated Membership	4,033,697
	Ten-Year Membership Growth	650,810
	Ten-Year Cumulative Percentage Growth	19.2%
State Capital Spending Estimates		
	Total Annual Spending per Pupil	$173.17
	Growth-Adjusted Spending per Pupil	$170.43

Notes

Utah

Contact Information

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Credit Enhancement Programs

In its credit enhancement program, Utah determines each local education agency's ability to meet debt service obligations. The state guarantees bonds of LEAs found to be in good financial condition. The state's bond rating becomes the LEA's bond rating, though the LEA's own bond rating is still published as a secondary rating. If the LEA defaults, the state treasurer intercepts state maintenance and operation money allocated for local school funding and uses that money to reimburse the bond holder.

Loan Programs

Districts may qualify for Capital Outlay Loan Program funding if they (1) demonstrate an ability and commitment as demonstrated by a local board vote to set a local property ta levy at the rate needed to repay the loan within five years, (2) levy a property tax rate above the state average for capital outlay and debt service, and (3) demonstrate that the need is met more effectively through the loan fund than through more traditional financing mechanisms. In case of a natural disaster or other emergency, this requirement may be waived by the State Superintendent. A total of $10 million is available in this loan fund.

Annual Capital Funding Programs

1998-99 State Funding	$28,358,000
1999-00 State Funding	$29,358,000
2000-01 State Funding	$28,358,000
2000-01 Spending per Pupil	$59.67

Utah distributes state funds to school districts based on property tax yield per ADM. All funds appropriated by the legislature are distributed each year, but this amount is often insufficient for all districts to receive aid. If funding were sufficient, every district would receive an allocation.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	State Superintendent's designee

Utah

Legal Action

Past Lawsuits None

Pending Lawsuits None

Empirical Data

Capital Funding Estimates	***State Share***	29%	***Federal Share***		2%
	Local Share	69%	***Other Share***		0%
State Overall Education Funding Share				66.9%	
Enrollment	***1990-91 Membership***			446,652	
	2000-01 Estimated Membership			475,269	
	Ten-Year Membership Growth			28,617	
	Ten-Year Cumulative Percentage Growth			6.4%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$59.67	
	Growth-Adjusted Spending per Pupil			$64.59	

Notes

Vermont

Contact Information

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$16,800,000
1999-00 State Funding	$18,200,000
2000-01 State Funding	$16,200,000
2000-01 Spending per Pupil	$155.77

Vermont pays 30% of the cost of school construction projects approved by the State Board of Education. Each year the State Board ranks all voter-approved projects based on criteria including enrollment growth, existing school space per student, and building conditions. All approved projects receive state funding, half (15% total cost) at the project's outset and half upon completion. In the event that the cost of approved projects exceeds the legislative allocation, lower-priority projects are postponed to the next year. However, in recent years the program has been fully funded with no delays.

Additional Methods

None

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	State Board of Education

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Vermont

Empirical Data

Capital Funding Estimates	*State Share*	30%	*Federal Share*		0%
	Local Share	70%	*Other Share*		0%
	State Overall Education Funding Share			24.0%	
Enrollment	*1990-91 Membership*			95,762	
	2000-01 Estimated Membership			104,001	
	Ten-Year Membership Growth			8,239	
	Ten-Year Cumulative Percentage Growth			8.6%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$155.77	
	Growth-Adjusted Spending per Pupil			$97.14	

Notes

Virginia

Contact Information

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Credit Enhancement Programs

In Virginia, city and county governments are responsible for providing funding for public schools; Virginia school districts do not have independent taxing authority. Capital outlay is financed primarily by "pooled" bonds issued by the Virginia Public Schools Authority (VPSA) in the local government's name and general obligation bonds issued locally. The pooled bond program provides many school divisions access to the bond market at ratese below what they could achieve on their own credit. In the event of a local default on the debt, the state comptroller withholds state aid due the locality and uses that money to pay bondholders. If this amount is insufficient to pay local obligations, the difference is paid through a biennial appropriation from the legislature to VPSA.

Loan Programs

The Literary Fund is a revolving loan fund dedicated to school construction and renovation projects. School divisions apply for direct loans from the fund and may borrow up to $7.5 million per project. The interest rate varies with a school division's composite index, a fiscal capacity index including property and sales tax bases along with personal income. The state's poorest divisions receive a 2% interest rate while the wealthiest pay 6%. New loans are issued from the fund once adequate revenues are available in the Literary Fund to fully fund the loan. Loan proceeds are not paid in lump sum but are reimbursed as qualifying expenses are incurred on a project.

Annual Capital Funding Programs

1998-99 State Funding	$184,100,000
1999-00 State Funding	$190,500,000
2000-01 State Funding	$219,600,000
2000-01 Spending per Pupil	$171.41

Virginia has three programs to assist local school divisions with capital outlay and debt service: School Construction Grants, lottery revenue, and an interest subsidy program.

Every division in the state receives annual School Construction Grants ($55 million in FY01). This money is divided into two equal pools. In the first pool, every division receives a $200,000 "floor" payment each year. The state distributes funds from the second pool on a pro rata basis using each division's ADM multiplied by its composite index. School Construction Grants may be used for new construction, renovation, site acquisition, debt service, technology, or school safety equipment. School divisions must provide a local match based on their composite index.

A portion of Virginia's lottery proceeds ($122.3 million of the $310.3 million in FY01) are distributed back to local school divisions. This funding is distributed to localities on a per pupil basis. Local school divisions are required to spend at least half of this revenue ($61.2 million) on capital projects. As with School Construction Grants, a local match is required based on the division's composite index.

Virginia

The VPSA also provides funding for school construction through an interest rate subsidy program ($18.8 million in FY01). The interest rate subsidy program provides a direct cash grant to school divisions, in addition to the pooled bond proceeds issued by the VPSA, so that the effective interest rate paid on the VPSA loan is equivalent to the interest rate they would have paid on a direct Literary Fund loan.

Additional Methods

Virginia also provides maintenance supplement payments ($9.4 million in FY01) to school divisions for on-going maintenance needs or debt service payments. Currently, the program calls for $15 per pupil to go to each division, with the cost being borne jointly by the state and local school divisions. The state share of the $15 is based on each division's composite index. The remainder is required as a local match.

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	***State Share***	***Federal Share***	
	Local Share	***Other Share***	
	State Overall Education Funding Share		43.2%
Enrollment	***1990-91 Membership***		998,601
	2000-01 Estimated Membership		1,144,054
	Ten-Year Membership Growth		145,453
	Ten-Year Membership Growth		
	Ten-Year Cumulative Percentage Growth		14.6%
State Capital Spending Estimates			
	Total Annual Spending per Pupil		$171.41
	Growth-Adjusted Spending per Pupil		$174.07

Notes

Washington

Contact Information

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Credit Enhancement Programs

Any Washington district can apply for the state's credit enhancement program. In order to qualify, districts must be financially solvent. In the event that a district is unable to meet its debt service requirements, the state treasurer uses state funds to pay bondholders. The treasurer then requires the district to reimburse the state with interest. The treasurer also has the authority to charge districts an additional penalty of 5% of the bond value if they default. If the district does not reimburse the state, the program authorizes the treasurer to pursue legal remedies.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$200,300,000
1999-00 State Funding	$175,000,000
2000-01 State Funding	$140,000,000
2000-01 Spending per Pupil	$138.70

The state pays 50% of the total state construction costs (excluding site acquisition). The state match for individual districts ranges from 20% to 100% based on each district's assessed valuation per pupil. Districts may also receive an additional state match of 1% of state assistance for every 1% of district enrollment growth experienced the 3 years prior to a new project.

When state aid is insufficient to fund all projects, it is allocated by a priority system in 2 categories, New Construction and Modernization. Both categories use measurements of the type of space being built, local priorities, joint funding and modified school calendar for rank points. New Construction projects also receive points on the number of unhoused students, number of years they have been unhoused, and enrollment projections. Modernization projects receive additional points for poor building conditions, health and safety conditions, and a cost/benefit factor.

Revenues for the program come from a variety of sources, including timber sales, trust land transfers, mineral and grazing leases, permanent fund investment earnings, transfers from education savings and education construction accounts, general obligation bonds, and state general fund transfers.

Additional Methods

None

Washington

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	No
Approval Bodies	State Board of Education

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	***State Share***	47%	***Federal Share***		0%
	Local Share	53%	***Other Share***		0%
	State Overall Education Funding Share			71.3%	
Enrollment	***1990-91 Membership***			839,709	
	2000-01 Estimated Membership			1,009,407	
	Ten-Year Membership Growth			169,698	
	Ten-Year Cumulative Percentage Growth			20.2%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$138.70	
	Growth-Adjusted Spending per Pupil			$126.63	

Notes

West Virginia

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Credit Enhancement Programs

All funds collected to meet debt service on a municipality's general obligation bonds (including school bonds) are turned over to West Virginia's Municipal Bond Commission. The Commission acts as a bond trust agent and oversees local debt. The state legislature makes an annual blanket appropriation authorizing the governor to meet any deficiency in the state sinking fund due a school district's failure to meet debt service obligations.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$72,000,000
1999-00 State Funding	$72,000,000
2000-01 State Funding	$72,000,000

2000-01 Spending per Pupil

State funds are allocated based on a review of each district's ten-year Comprehensive Facilities Plan by the School Building Authority. Proposals must demonstrate a need for new facilities and should address economies of scale, enrollment projections, and innovations such as new technology.

Additional Methods

SBA has the authority to issue up to $600 million in state bonds but has not issued any bonds since 1994.

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	School Building Authority

Legal Action

Past Lawsuits Pauley v. Kelly, 1981

Pending Lawsuits None

West Virginia

Empirical Data

Capital Funding Estimates	*State Share*	75%	*Federal Share*	9%
	Local Share	16%	*Other Share*	0%
	State Overall Education Funding Share		68.4%	
Enrollment	*1990-91 Membership*		322,389	
	2000-01 Estimated Membership		285,169	
	Ten-Year Membership Growth		-37,220	
	Ten-Year Cumulative Percentage Growth		-11.5%	
State Capital Spending Estimates				
	Total Annual Spending per Pupil		$252.48	
	Growth-Adjusted Spending per Pupil		$440.67	

Notes

Wisconsin

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Credit Enhancement Programs

None

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding

1999-00 State Funding

2000-01 State Funding

2000-01 Spending per Pupil $252.48

Operating expenses, capital outlay, and debt service all fall under the umbrella of shared costs in Wisconsin's equalization formula. No state funds are specifically earmarked for capital outlay. Wisconsin funds 2/3 of total shared costs, but individual district aid varies considerably based on the equalization formula. The state provides equalization at the primary, secondary, and tertiary aid levels. Each level has its own guaranteed valuation and cost ceiling. For FY01, these were:

	Guaranteed Valuation	Cost Ceiling ($/pupil)
Primary	$2,000,000	$1,000
Secondary	$ 874,011	$5,533
Tertiary	$ 303,298	none

Districts receive aid based on spending per pupil (shared costs). As spending increases, districts receive primary aid first, then secondary, and finally tertiary. The primary category offers the largest state match, but the lowest level of spending eligible for that match. The size of state matching aid within categories varies with the ratio of the district's equalized property valuation to the guaranteed valuation. As district property wealth increases, state aid decreases. If a district's equalized property valuation exceeds the guaranteed valuation for that category, aid for that category is negative and results in a decrease in aid from the previous category. Districts with high shared costs (for example, embarking on substantial building programs) have more spending in the tertiary category. If these districts have property wealth above the guaranteed valuation, that additional spending results in a reduction in state funding.

Additional Methods

None

Wisconsin

State Oversight

State Requires School Facilities Plan for Aid	No
For All Districts	No
Approval Bodies	None

Legal Action

Past Lawsuits	None
Pending Lawsuits	None

Empirical Data

Capital Funding Estimates	*State Share*	67%	*Federal Share*		0%
	Local Share	33%	*Other Share*		0%
	State Overall Education Funding Share			57.5%	
Enrollment	*1990-91 Membership*			797,621	
	2000-01 Estimated Membership			876,243	
	Ten-Year Membership Growth			78,622	
	Ten-Year Cumulative Percentage Growth			9.9%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil				
	Growth-Adjusted Spending per Pupil				

Notes

Wyoming

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Credit Enhancement Programs

School districts may guarantee local bonds through the state's Common School Account. Up to $300 million in local bonds statewide can be guaranteed at any time. In order to qualify, local districts must have a national rating agency certify that their bonds are at least investment quality. In the event of a default, local districts must repay the fund with interest.

Loan Programs

None

Annual Capital Funding Programs

1998-99 State Funding	$19,707,363
1999-00 State Funding	$33,994,163
2000-01 State Funding	$42,500,000
2000-01 Spending per Pupil	$474.58

Wyoming offers two forms of state capital aid: Capital Construction funding and Mill Levy Supplement payments.

In December 1997, Wyoming conducted an assessment of all public K-12 school facilities. This assessment examined building conditions, suitability for use, and technology readiness. Buildings found to be in poor condition (in immediate need) are eligible for state Capital Construction funding ($38 million in FY01). In order to qualify for state aid, a district must have reached 90 percent of its debt limit (Wyoming has established maximum indebtedness as 10 percent of district assessed valuation). Projects must be independently approved by the Capital Construction Advisory Group, the state Superintendent, and the state Legislature. If a project is approved, the state funds the full cost of the project minus district bonding capacity.

The state also provides Mill Levy Supplement payments ($4.5 million in FY01). For each additional mill a district levies for debt service after two mills, the state allocates a supplement equal to the amount the district would receive if its assessed valuation equaled 150 percent of the state average. Thus, districts with assessed valuation greater than 150 percent of the state average to not receive supplement payments.

Additional Methods

In FY01, the state appropriated $20,000,000 in emergency funding to meet needs not covered by Capital Construction funding. As of September, an allocation mechanism had not yet been determined.

The state has the authority to issue up to $100 million in bonds, but has never used that authority.

Wyoming also funds annual Major Maintenance Grants ($19.5 million in FY01). These grants are intended to extend the useful life of existing facilities. Funding is based on the square footage of educational facilities in each district. Districts may borrow against future allocations.

Wyoming

State Oversight

State Requires School Facilities Plan for Aid	Yes
For All Districts	Yes
Approval Bodies	Capital Construction Advisory Group (12 members; the Governor, State Superintendent, Speaker of the House, President of the Senate each appoint 3) State Superintendent Legislature and relevant committees

Legal Action

Past Lawsuits	Campbell County v. Wyoming, 1995
Pending Lawsuits	Campbell County v. Wyoming, 1995

Empirical Data

Capital Funding Estimates	***State Share***	70%	***Federal Share***		0%
	Local Share	30%	***Other Share***		0%
	State Overall Education Funding Share			52.1%	
Enrollment	***1990-91 Membership***			98,226	
	2000-01 Estimated Membership			89,553	
	Ten-Year Membership Growth			-8,673	
	Ten-Year Cumulative Percentage Growth			-8.8%	
State Capital Spending Estimates					
	Total Annual Spending per Pupil			$519.25	
	Growth-Adjusted Spending per Pupil			$399.01	

Notes

While Campbell County v. Wyoming resulted in significant changes to the state's educational finance program (including capital finance), in January 2000 a district judge ruled that the resulting capital funding mechanisms remain unconstitutional. A rehearing has been conducted but as of September the court had yet to render an opinion from the rehearing. The legislature has already begun work on alternative finance methods. Thus, in the next year it is likely that Wyoming's capital finance program will differ considerably from its current state.

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